

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: OCCUPANCY TAX COORDINATION

DATE: NOVEMBER 12, 2014

COMMITTEE MEMBERS PRESENT:

SUPERVISORS KENNY
MERLINO
CONOVER
DICKINSON
FRASIER
SIMPSON
STROUGH

OTHERS PRESENT:

LEISA GRANT, PRINCIPAL ACCOUNT CLERK, TOURISM
MICHAEL R. SWAN, COUNTY TREASURER
KEVIN B. GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
FRANK E. THOMAS, BUDGET OFFICER
SUPERVISORS BROCK
MONROE
SEEBER
SOKOL
TAYLOR
WESTCOTT
DON LEHMAN, *THE POST STAR*
THOM RANDALL, *THE ADIRONDACK JOURNAL*
ANTHONY HALL, *THE LAKE GEORGE MIRROR*
SARAH MCLENITHAN, SECRETARY TO THE CLERK OF THE BOARD
PLEASE SEE ATTACHED SIGN-IN SHEET FOR ADDITIONAL ATTENDEES

Mr. Kenny called the meeting of the Occupancy Tax Coordination Committee to order at 11:28 a.m.

Motion was made by Mr. Strough, seconded by Mr. Merlino and carried unanimously to approve the minutes of the previous Committee meeting, subject to correction by the Clerk of the Board.

Commencing the Agenda review, Mr. Kenny advised the first item pertained to a Report on Occupancy Tax Collections. Privilege of the floor was extended to Michael Swan, County Treasurer, who distributed copies of the Report to the Committee members; *a copy of same is on file with the minutes*. Mr. Swan apprised the total occupancy tax revenues collected through October 31, 2014 totaled \$3,259,207.67 reflecting an increase of \$91,877.93 (2.82%) compared to the same time period in 2013. He stated the available balance in the Occupancy Tax Reserve Fund was \$129,078.98 following the allocation of \$7,440 to cover the auditing fees incurred by the Charles R. Wood Park Project and the allocation of \$4,000 to the Sister Cities Committee of Glens Falls/Warren County to cover the cost of mailing the hot air balloon to Japan, as well as the \$41,486 allocation to the municipalities.

Mr. Kenny advised the top five events as the result of the annual Occupancy Tax Survey conducted by the Tourism Department were as follows:

- 1) Americade;
- 2) Adirondack Nationals Car Show;
- 3) Hudson Valley Firemen's Convention;
- 4) Adirondack Balloon Festival; and
- 5) The World's Largest Garage Sale.

Mr. Kenny explained the results of this survey were utilized to pinpoint events that had the largest impact on Warren County's economy.

Moving along, Mr. Kenny noted that there was a referral from the Finance Committee regarding fencing for the Festival Space. Mr. Monroe had explained that all 14 of the events Mayor Blais scheduled for the Festival Space next year required fencing. However, in order to stay within the budget for the Festival Space, the fencing had been removed from the project. Mr. Monroe said he felt fencing was required in order to ensure the success of the Festival Space and occupancy tax was the logical funding source for it.

Mr. Kenny outlined the different scenarios as follows:

- 1) Utilizing occupancy tax funds to pay for all of the fencing;
- 2) Utilizing occupancy tax funds to pay for the bond anticipation note associated with the fencing over a five year period;

Mr. Strough queried whether parking revenue could be utilized to pay for a portion of the expenses associated with the fencing. Mr. Monroe apprised this was another possible source of funding that could be utilized; however, he noted, the DPW (Department of Public Works) Committee had always taken the position that parking revenue should be allocated to the General Fund. Mr. Conover pointed out he believed the Occupancy Tax Committee would continue to see these type of requests relating to the Charles R. Wood Park and other County responsibilities, events and facilities. He commented he thought they should review their long term responsibilities and budget accordingly to address them. Mr. Kenny interjected the Occupancy Tax Sub-Committee set aside \$25,000 for promotion of the Charles R. Wood Park.

Mr. Monroe estimated the bonding costs allocated over five years to be about \$40,000 annually. He surmised a portion of occupancy tax funding, parking revenue and event fees could cover the costs of the bonding. Mayor Blais added the events scheduled for the Festival Space next year would generate between \$40,000- \$45,000 in revenue. He pointed out the two events scheduled in 2014 for the Festival Space generated about \$100,000 in parking revenue; therefore, he said, he thought the County would see a substantial increase in parking revenue from the 14 events that were scheduled for 2015.

Mr. Dickinson questioned why parking revenue generated from the West Brook Parking Lot was being allocated to the General Fund, as he felt it should be allocated to the budget for the Festival Space. He continued, he preferred this method over the use of occupancy tax funds since the majority of the parking revenue was generated from events held on the Festival Space. Mr. Kenny agreed with Mr. Dickinson; however, he noted, this would not account for the total amount of funding required.

Mr. Monroe concluded the parking revenue received from the West Brook Parking lot would exceed the amount of funding required for operational expenses relating to the Festival Space. He advised he believed a portion of the revenue received from the West Brook Parking Lot and the events taking place on the Festival Space should be dedicated to cover the bond payments or for other Capital Projects on a long term basis.

Mr. Dickinson asked whether the parking revenue generated from the West Brook Parking Lot was compared to that of other County-owned parking lots and Mayor Blais replied affirmatively. He explained the Village of Lake George could only account for the cash transactions, as he was unsure of parking revenue received through credit card transactions; however, he said, he believed they were relatively similar amounts. He noted about \$64,000 in parking revenue was generated through cash transactions. Mr. Swan advised that he was unsure of the actual amount received but surmised it to be about the same as the revenue received through the cash transactions. Mr. Dickinson

queried whether this was the only revenue generated from the West Brook Parking Lot and Mayor Blais replied affirmatively.

Mr. Dickinson suggested allocating the West Brook Parking Lot revenue to the budget for the Festival Space rather than the General Fund so the use of occupancy tax funds was not necessary and Mr. Merlino concurred. He questioned whether there was a sufficient amount of parking revenue available at this time to move forward with the project. Mr. Monroe advised only a fraction of the parking lot revenue would be required if they could utilize the revenue generated from the events taking place on the Festival Space to cover the bonding cost.

Mr. Dusek pointed out when they were preparing the 2015 County Budget they had anticipated utilizing the parking revenue to cover the cost of certain expenses. He said he was concerned this would create an issue with the 2015 County Budget if the funding was transferred from one expense to another. He continued, if these funds were supposed to be utilized to offset the expenses of the DPW this would create a shortfall and another source of funding would need to be located to cover the difference, as occupancy tax would not be an option. He recommended reviewing how much revenue was projected and what expenses this was allocated to offset in the 2015 County Budget. He stated if it was determined additional revenue on top of what was projected would be received, these funds could be allocated toward the Festival Space. He added his goal was to ensure a budget deficit would not be created.

Mr. Strough advised the projected parking revenue for the West Brook Parking Lot was based upon the revenue received from the two events that took place on the Festival Space this year; however, he said, the revenue should exceed the projected amount because more events had been scheduled to take place in 2014. He suggested allocating the projected revenue to the proper expenses listed in the County Budget and allocate any additional revenue that may be received to the Festival Space for Capital Projects such as the fence. Mr. Dusek commented this was a valid option; however, he advised, an alternative funding source would need to be identified in case the additional revenue was not received.

Mr. Monroe suggested further review of the projections for revenue received from the events and determine how much additional funding was required to pay the annual bond anticipation note payment. Mayor Blais pointed out if the expense was bonded a payment would not be due until 2016; therefore, he said, there would be no impact on the 2015 County Budget. Mr. Strough suggested the matter be tabled until more relevant figures were available for the Committee to review. Mr. Dusek added he would work with his Staff to provide the parking revenue projected in the 2015 County Budget and discuss whether the Committee felt additional funding would be available to allocate to the Festival Space. Mr. Monroe added if additional parking revenue was available in the 2015 County Budget it could be allocated to the bonding cost in 2015.

Mr. Kenny announced Action Items 1 and 3 listed on the agenda were related. He commended Mr. Conover for his efforts in developing a revised accounting methodology and proposed occupancy tax spending plan. Mr. Conover advised upon the request of Mr. Kenny he had spoken with the Town Supervisors regarding the possibility of revising the occupancy tax plan. He said the outcome of these discussions brought about questions such as was there a better way for the County to handle the activities funding, does the County need to be micro managing the smaller events that could more easily be managed by the Towns and/or the Chambers of Commerce, the growing responsibilities of the County relating to the Charles R. Wood Park, invasive species, Up Yonda Farm, the County Fairgrounds, etc. and a more targeted approach to occupancy tax. He advised he assembled a plan with a regional approach that respected the communities that generated the

majority of the occupancy tax. He pointed out the Towns of Lake George, Bolton and Queensbury were the largest contributors to the occupancy tax fund. Another item that was brought forth in this discussion, he stated, was how do they grow the involvement of the private sector through the local Chamber's of Commerce. He referred the Committee to the proposed occupancy tax spending plan; *a copy of which is on file with the minutes*. He added the GFCC (Glens Falls Civic Center) was included in the discussion; however, he said, during that time frame they were unsure of what the outcome of the sale would be. He reminded the Committee the funds could only be spent on eligible activities. He mentioned because of cash flow responsibilities and other needs that existed within the program the occupancy tax funds were collected based upon the overlapping of the calendar year. He reminded the Committee similar to property tax, sales tax or mortgage tax, the amount of occupancy tax funds for the following year was anticipated and then collected within that calendar year. He stated it became apparent to him some adjustments could be made with regards to the Financing portion of occupancy tax to dedicate funding for a specific purpose.

Paul Dusek, County Administrator, advised the plan had been developed and changed several times over the years. He said the original concept for this was that there was additional projects that the County needed to fund; however, he stated, they needed to figure out how to fund them without raising taxes. He noted in particular the County Tourist & Convention Event Development Fund in the amount of \$250,000 and the County Special Event, Tradeshow, Activity Discretionary Fund in the amount of \$50,000 were new types of concepts that were introduced and not necessarily designated towards any particular agency, program or funding. He apprised when they were developed there was an awareness that there may be some requests coming to the County for funding from places such as the GFCC. He mentioned they tried to keep these particular funds generic to leave as much room as possible for the Committee to work with the figures and these concepts. He stressed at this point this was a concept plan and if the Supervisors expressed interest in pursuing it there was a great amount of detail to be worked out for these items such as how money would flow, what the rules on the funding would be, etc. He advised this concept was developed to provide the Supervisors with an indication that there were funds available, as well as some of the ways they could spend the money if they were so inclined.

Mr. Dusek stated \$670,000 in funding was required for the proposed occupancy tax spending plan. He said in order to come up with these funds they reviewed the Tourism Budget, the occupancy tax event funding and new appropriations from occupancy tax. He said the Tourism Department Budget was built upon the amount of occupancy tax received two years prior; therefore, he apprised, there was a natural increase in the amount of money the Tourism Department would spend. He advised the theory behind this was the Tourism Department wanted to spend as much of the money as was available for promotion and other activities the Tourism Department engaged in for the benefit of the region. He continued, there was an unrestricted spending source of funds that would constantly increase. He pointed out this originated from the commencement of the occupancy tax collection and they were unsure of the program. He stated now occupancy tax had stabilized and their projections for increases were more reasonable. He said because of this and the fact that the Tourism Department itself had matured with its Budget they felt they could review the Tourism Department's Budget from the previous year and what the needs of the Department were for 2015 rather than allow them to spend as much as they could. He pointed out the increase in the 2015 Tourism Budget was based upon wage increases, price increases, etc. that were anticipated. He said under this proposal moving forward the Tourism Budget would be based upon the previous years Tourism Budget, as well as what the Board of Supervisors felt was reasonable.

The second item that was reviewed, Mr. Dusek advised, was the occupancy tax event funding. He reminded the Committee this figure was in the vicinity of \$350,000. He stated the concept was to

increase the amounts provided to the towns hosting the majority of the events to enable them to fund the events instead of the County smaller events. He apprised the thought was they would decrease the occupancy tax event funding this year from \$350,000 to \$250,000 and then reduce the funding for future years to \$175,000.

Mr. Dusek apprised the third item they reviewed concerned how the County had been accounting for the occupancy tax funding. He pointed out the accounting method used for the occupancy tax funding was different than anything else in the County. He said this originated with the program, the timing of when it started and the desire to have the money in place before it was spent. He stated the program had matured to a point where the old method of accounting was not necessary. He explained what occurred under the old method was that they imagined only 50% of the actual funds collected were received and going forward in future years they pretended only 50% of the money would be collected. He advised as a result of this there was a large reserve of occupancy tax funds available. He added the Treasurer's Office would like the occupancy tax funding to be accounted for utilizing the same method as the regular general accounts in the County for the calendar year. He mentioned when they reviewed changing this method they confirmed with the Treasurer's Office they would have \$1.8 million in funding available for spending. He said on top of this \$1.8 million available for spending they would also establish a reserve of \$1 million. He noted the reason they would set up a reserve of \$1 million was to ensure they had sufficient funds for cash flow primarily for the Tourism Budget. He said the Treasurer's Office had reviewed the expenditures for the entire year and arrived at the \$1 million figure. He pointed out the total they were working with was actually \$2.8 million, as \$1 million was required for the reserve and \$1.8 million was available for spending. He advised the figures Mr. Swan referred to earlier would no longer be valid if this change was implemented, as the old accounting methodology would no longer be utilized.

Mr. Dusek advised if all of the changes discussed were implemented there was a need in the subsequent years for funding in the amount of \$670,000. He stated since they were aware of what occupancy tax funding was available from past history, they anticipated a reasonable growth in the occupancy tax fund of \$100,000. He said they also showed the appropriation of the fund balance through the numbers, which indicated a steady decrease in the amount of funding required from the fund balance to come up with the required \$670,000 until the use of the fund balance was no longer required in 2019. He mentioned this meant the incorporation of this new funding balanced out the fund. He pointed out a total of \$1,055,000 of the \$1.8 million was spent thereby leaving about \$800,000 in funds that could be used. He advised he felt it was wise to have a cushion when implementing a new plan so you could see how things played out over time to ensure the projections were accurate. He reiterated this outlined how the County could fund these new expenditures and still be protected in terms of having a fund balance for cash flow and also having an additional fund balance in case there was a downturn in the economy, etc. that reduced the amount of occupancy tax funds collected or if they determined in a few years they wanted to modify these funding streams further and spend some additional funds. He continued they would be able to do this as they learned the system and determined whether it was working the way they wanted it to.

Mr. Conover commented the push for this was to stop micro managing a certain part of what they did on the County level. He stated it eliminated the "double dipping" Mayor Blais had previously referred to wherein the same invoices would not be submitted to both the County and the municipalities for reimbursement. He continued, it streamlined the process for the County, as it would reduce the administrative costs associated with all of these activities, as well as the legal costs associated with the contracts and reporting. He added the plan attempted to lead more at the local level to deal with the very successful programs that exist. He stated what originated from the discussions with the smaller Town's was they would like to get more aggressive and do more but

they did not have the resources to do any kind of State matching program. He said the thinking was that a relatively modest amount of money could be set aside so the smaller Towns could sponsor an event that would promote tourism and put "heads in beds" on some sort of competitive process.

Mr. Conover pointed out the framework, bureaucracy and reporting was already in place for the County Tourist & Convention Event Development Fund and the County Special Event, Tradeshow, Activity Discretionary Fund so that it could be implemented tomorrow. He said the details of how the funds were going to be administered and decisions were made would need to be worked out with regards to the occupancy tax event funding and the new appropriations from occupancy tax. He suggested the dollar amounts remain conservative at least for the first year, as adjustments could be made in the future to reflect where they felt they were headed. He advised the County Treasurer had indicated to him this plan would be much easier from an accounting point of view.

Mr. Strough apprised when he first reviewed the plan he believed it merited a discussion; however, he said, the more he thought about it the messier it got. He questioned what defined a large project that the County would allocate funding to such as Americade, the Adirondack Balloon Festival or a craft fair in downtown Glens Falls. He queried where they would distinguish the boundaries and divide between the large and small projects, as he was having an issue with this. He pointed out as it stood now the Occupancy Tax Committee reviewed events, products, actions that worked to promote the local or regional economy. He said this meant they were contributing funds to an event or project because it was likely to produce a positive economic effect and it required occupancy tax funding in order for it to occur; otherwise, it would not occur. Therefore; he continued, the County wanted this event or project to occur so they provided the additional funds necessary for it to occur so the County could benefit from the sales tax, occupancy tax, etc. that was generated from this event. He commented this was how the process had always worked and he felt it was working. He reiterated he was having an issue defining big events versus small events. As an example, he stated, if Mr. Merlino was having an event in the Town of Lake Luzerne that was rather large and would benefit other communities, as well but it could not take place without occupancy tax funds. He continued, with the current process in place Mr. Merlino had the option of presenting a request for this funding to the Occupancy Tax Committee. He stated the system in place now did not require the divvying of money; however, he said, if the proposed changes were implemented the divvying of money would be required. He pointed out this meant the Committee could determine it was more of a local event because Mr. Merlino's event mostly impacted the Town of Lake Luzerne than a regional one; therefore, he stated, the County would not contribute any occupancy tax funds to the event.

A separate issue, Mr. Strough advised, was the GFCC and how much financial support should be provided. He said they were going into an era of the GFCC that was not well defined and he felt he had not reached a level of comfort to provide a specified amount of financial support to the facility. He added he did feel they should support the GFCC in some fashion, as it was a regional asset of Warren County. He pointed out as an example the Lake George Regional Chamber of Commerce and CVB had a good business plan that required a specific amount of funding to carry it through and would benefit the entire region. He said he felt they should continue to review each of these items separately, as the more he thought about the proposed changes the more questions he had. He continued, he was unsure the proposed changes were worth pursuing unless some items were cleared up for him today.

Mr. Dickinson stated he was impressed with the proposed plan. He pointed out the plan included setting aside funds for the larger events. He pointed out there would still be an Occupancy Tax Committee with guidelines to follow and a reserve fund. He said the budget was flexible and there

were funds that were set aside for specific items such as the GFCC, The Wood. Park, Invasive Species, etc. With regards to the smaller events, he apprised he agreed these funding requests should be handled by the local Towns as they were more aware of how much of an impact the event would have on their local economy. He added this would prevent "double dipping" on the part of the applicants. He commented he believed this was a much better approach than the current plan, as it would take money the County has invested and was not using and make it available. He mentioned next year the occupancy tax funds would be allocated in the same fiscal year as the Towns were. He explained the current plan required occupancy tax funds be allocated within the calendar year which created issues for the Towns because the funds were not allocated to the municipalities until the spring; therefore, he said, they had to look for support elsewhere to fund events that took place from January 1st until the funds were received.

With regards to the GFCC, Mr. Dickinson commented that they were currently in a volatile situation. He said he felt Mr. Conover had done a stellar job in making funds available for the GFCC. He stated he was pleased the agenda included information regarding the direction the GFCC Coalition planned for the GFCC and what their goals were for the facility. He stated he was supportive of providing the GFCC with some funding assistance if they could prove they would be successful in managing the facility and "put heads in beds" with events taking place there. He added he felt the proposed plan addressed the issues they had with their present plan and noted he was looking forward to implementing it and continuing to make improvements to it.

Mr. Conover advised he felt any program like this should evolve. He said that this particular program was aimed at providing additional money to the Village and Towns of Lake George and the Towns of Bolton and Queensbury where the majority of occupancy tax was collected to work with and through their business community to ensure that good things occurred. He stated he felt there was an element in the plan that said they did not need to micro manage this at the County level. He apprised some of the new elements of the plan would take some examining, discussion and debate about the requirements and regulations. He pointed out the County already shared with the municipalities and this plan would increase their funding to allow them to sponsor more events. He commented he was confident that the Town Supervisors, as well as Mayor Blais would do what was required to benefit the area. He noted nothing prevented anyone from presenting a great idea to the County that clearly required a more regional kind of footing.

Mr. Merlino commented he was in favor of this plan over the current one, as he felt it would prevent "double dipping". He pointed out it was difficult for the Occupancy Tax Committee to determine which events to fund and which ones not to, as they received over \$750,000 in requests this year and only had \$350,000 to award. He said this plan would allow for the County to fund the larger events and the Towns to fund the smaller events that may only impact their area.

Mr. Conover pointed out many of the Towns had Citizen Committees that were comprised of members of their business community who were working on these issues all along. He said the idea was to encourage this type of business/municipal cooperation so they continued to work together to promote those activities. He said the additional funding may assist with delivering upon some of these ideas. He added nothing prevented an event from growing to have more of a regional impact.

Mr. Kenny apprised this had been difficult for him, as he had commenced the discussions regarding implementing charging an occupancy tax in 1998 when he was a member of the Revenue Enhancement Sub-Committee. He continued when it was brought before the Board of Supervisors at a Board meeting in 1999 the roll call vote was 19 noes and one in favor. He stated eventually the Board of Supervisors implemented an occupancy tax fee in Warren County and over the last ten

years approximately \$35 million had been collected. He commented he felt this plan improved and refined the way occupancy tax funding worked and made the accounting method much easier for the Treasurer's Office. He applauded Mr. Conover for the extensive amount of work he put forth developing the plan.

Mr. Kenny suggested the GFCC be discussed as a separate issue, as they needed to discuss how they were going to fund it and to what extent. Mr. Conover added he agreed the GFCC should be handled separately, as the various issues may require additional meetings to discuss them.

Mr. Merlino questioned whether this years funding would remain at \$350,000 or be reduced by \$100,000 to \$250,000 and Mr. Kenny replied this years funding would be reduced to \$250,000. He stated he did not foresee their job getting easier, as they still had to evaluate the applications and assign award amounts to them. He continued, the only difference was they would have \$250,000 available to award this year and \$175,000 from 2016 onward. He stated the applicants who did not receive funding through the County could request funding through the Towns. Mr. Merlino asked whether the applications they had just reviewed were null and void and Mr. Kenny replied in the negative. He reiterated once they had awarded the \$250,000 that was set aside for this purpose, any applicant who did not receive funding from the County could request funding from the Towns. Mr. Conover added under this new plan the allocation to the Towns could be available as early as January of 2015.

Mr. Westcott queried whether implementing the change would require a public hearing and Mr. Dusek replied he did not think a public hearing was required but suggested they confirm with the County Attorney whether this was correct. He said this was a plan that dictated how occupancy tax funds would be spent and would require a resolution. He stated he would ensure the question that was just raised was discussed with the County Attorney. Mr. Kenny noted this would be presented at the Board meeting for further discussion and/or approval. Mr. Westcott commented there were several constituents in attendance at today's meeting and he would like for them, as well as anyone expressing interest to be able to provide their comments and/or feedback on this plan at the Board meeting whether in a public hearing format or prior to voting on the proposed plan. He commended Mr. Conover for his efforts in developing the plan. He said since this was the first time he was able to review the plan he would like more time to review it. He added he felt it was necessary for the business community that was impacted by this decision have time to review the plan and provide their comments and/or feedback on it, as well.

Mayor Blais commented he felt that implementing the plan would be a step in the right direction for occupancy tax funding. He noted the possibility of providing occupancy tax funds to the 14 events scheduled to use the Festival Space next year played a major role in attracting events there over other venues. He said he felt it would be rather easy to identify the larger events from the smaller ones by the amount of funding they were requesting. He apprised the current process was cumbersome and confusing to the applicants, as it was necessary to fill out several applications and attend several meetings in order to receive funding. He added occupancy tax had been instrumental in assisting the Village and Town of Lake George with hosting the larger events such as Americade, the Car Show, etc. He pointed out there was a time when the Mayor of the Village of Lake George would not have wanted to host a large event in their municipality, as it caused too many issues and problems where as now with the assistance of occupancy tax funding they were eager to host large events such as Americade.

With regards to the GFCC, Mayor Blais advised he was a supporter of the facility, as he believed it was a regional asset that should be taken care of. He commended the Supervisors for stepping up

to the plate and supporting the GFCC. He pointed out the GFCC hosted the Special Olympics the weekend following Columbus Day this year. He said the majority of the businesses in the Village closed following Columbus Day weekend; however, he stated, the ones that remained open received an influx of business from individuals attending the Special Olympics.

Mr. Dickinson proposed a resolution adopting the proposed occupancy tax spending plan prepared by Mr. Conover and authorizing a Public Hearing thereon. Mr. Dusek advised he would have to confer with the County Attorney as to whether a Public Hearing was permissible; however, he said, should it be determined it was not an option they could hold a Public Informational Meeting instead. He stated it would need to be determined whether they would like to hold the meeting during a Committee meeting or prior to the Board meeting. Mr. Kenny commented he felt the Public Hearing or Public Informational Meeting should take place prior to the November 21, 2014 Board meeting.

Mr. Strough questioned whether the events funded through the Village or Town of Lake George would also be coming to the County requesting funding and Mr. Kenny replied in the negative. He explained they could still request additional funding from the County; however, he said, their application would be denied. He said now that he understood why the new plan provided the Village and Town of Lake George with the additional \$100,000 each he could support it. He queried what dollar amount would be used as the breaking point to differentiate between what was considered a regional event and what was considered a local event, as he was unsure. He added he was pleased the proposal included an additional \$40,000 in occupancy tax funds for the Town of Queensbury to promote economic events on behalf of their Town. He asked whether the GFCC would be discussed separately from this matter and Mr. Kenny replied affirmatively. Mr. Strough stated he felt further discussion was necessary to clarify how to differentiate regional events from local events.

Mr. Kenny advised from 2016 onward the amount of occupancy tax the County had to award to applicants would be limited to \$175,000; therefore, he said, this would limit the awards to the top 6 or 7 events such as Americade and the Adirondack Balloon Festival. Mr. Strough questioned whether this meant the Town of Queensbury would no longer contribute the \$15,000 they usually did to the Adirondack Balloon Festival and Mr. Kenny replied in the negative. Mr. Dickinson advised after reviewing the list of County sponsored events for the last few years it would become more obvious there were about 5 major events before the list dwindled right off. He continued, they would not be losing any significant events, as it was possible for the smaller events to grow and become more significant. Mr. Conover noted the new plan would provide the Towns with some flexibility in their discussions with the business community about events that came up during the year the current program awarded all of the funding at the end of the year. He pointed out the level of effort required on the part of the applicants, as well as the administrative efforts of the County was no different for smaller events than that of the larger ones, which he felt was unnecessary.

With regards to the New York State Basketball Association Tournament, Mr. Strough apprised with this new format he would no longer provide funding to them, as he would tell them to seek funding at the County level since it was a regional event. He stated his point was the process was still unclear in his mind. Mr. Dickinson advised the Town of Lake George provided occupancy tax funds to Americade and they would continue to do so, as it was the largest event in the region. He said the new plan would prevent them from having to spend a good portion of the day listening to and discussing over 200 requests for event funding. Mr. Dusek asked for a point of clarification whether they would like to have the public hearing or public informational meeting take place prior to the November 21, 2014 Board meeting and Mr. Kenny replied affirmatively. Mr. Dusek explained if it was determined a Public Hearing was not warranted they would notice the Public Informational Meeting on the County website and different places to ensure the public was aware they were permitted to

comment and/or provide feedback on the plan before it was formally voted on. Mr. Strough advised he felt the constituents present at today's meeting were there to comment about the GFCC. Mr. Dickinson noted he had taken a number of phone calls from his constituents regarding the occupancy tax.

Motion was made by Mr. Dickinson, seconded by Mr. Merlino and carried unanimously to approve the proposed Occupancy Tax Spending Plan, authorizing a Public Hearing or Public Informational Meeting prior to the November 21, 2014 Board meeting and the necessary resolution was authorized for the November 21, 2014 Board meeting. (Please note the Committee requested the County Attorney advise as to whether a Public Hearing was appropriate for this request or a Public Informational Meeting). *A copy of the resolution request form is on file with the minutes.*

Moving along, Mr. Kenny advised the next action item on the agenda he would like to discuss was funding for the GFCC. He said the proposal was for the GFCC to receive \$250,000 in occupancy tax funding per year for three years. He reminded the Committee the economic impact the GFCC had on the region was measured at several million dollars. He said Nick Caimano and Doug Kenyon were in attendance today representing the Coalition to Save the GFCC Foundation, which was the organization that was awarded the bid to lease/purchase the GFCC from the City of Glens Falls. Mr. Kenny said a major question was how the funds would be distributed to the Coalition to Save the GFCC.

Mr. Dickinson commented he was pleased that the Coalition to Save the GFCC had provided an overview of their management plan for the GFCC. He said he would like an opportunity to review the information further before he made a decision. Mr. Dickinson asked whether an LLC (Limited Liability Corporation) had been formed and Mr. Caimano replied that they were in the process of doing so. He explained the Coalition to Save the GFCC had about 30 members and they were in the process of putting together a Board of Directors that would consist of 15 members or less. He stated they wanted to keep their organization public so they were going through the Coalition to Save the GFCC to ensure this occurs. He advised they recently learned they did not have to form a new 501(c)(3) nonprofit organization because they could continue to work through the GFCC Foundation for as long as the City of Glens Falls held title to the GFCC. Mr. Kenyon explained the GFCC Foundation had been established about 12 years ago. Mr. Caimano apprised one of their members had requested they look into utilizing a regional authority to govern the GFCC. He surmised it would take a number of years for their organization to get to that point. He noted there would be no basketball tournament to award occupancy tax funds to if the GFCC were to cease operations. He added he would be happy to answer any questions the Committee members may have.

Mr. Kenny advised part of the proposal required the Coalition to Save the GFCC to sponsor any event that took place at the GFCC with the \$250,000 in funding they were requesting. Mr. Conover said it was the Committee's responsibility to do due diligence and evaluate the request like any other applications they reviewed. Mr. Kenny apprised he agreed with Mr. Strough's suggestion to him that the Occupancy Tax Committee set aside the \$250,000 in a fund. He continued, when an event was scheduled to take place at the GFCC the Coalition could apply for and be awarded funding for the events until they had expended the entire \$250,000. He stated because the Coalition to Save the GFCC had a cash flow issue they would be provided the money up front for the events. After the events occurred, he stated, they would be required to submit receipts to the Committee displaying what they expended the funds on.

Mr. Caimano asked for clarification regarding the process and if they would have to submit applications similar to the one they submitted today for the \$250,000 for each event and Mr. Kenny

replied in the negative. He explained they could submit a letter summarizing how much funding was required for the event and why. He added they would draw from the \$250,000 until the funds were fully expended. Mr. Strough interjected he felt they should have to submit applications for each event they were requesting money for. Mr. Caimano pointed out they had listed the events they were requesting funds for on their application for the \$250,000. Mr. Dickinson advised he felt it would be cumbersome for them to have to fill out an application for each event since they already submitted an application listing all of the events they required funding for. Mr. Kenny reiterated he felt a letter summarizing their need for the event and why would suffice. He added the letter would be presented to the Committee for approval.

Ms. Seeber suggested appointing a member of the Board of Supervisors to the GFCC Foundation so they were aware of what the funds were being utilized for since it was such a large sum of money. She pointed out she had received complaints from concerned constituents regarding the County funding allocated to the City of Glens Falls. She explained the concern was with the uncertainty of what the funding was being utilized for. She questioned whether the Coalition to Save the GFCC could provide monthly updates to the Committee about what the money was being utilized for and Mr. Caimano replied affirmatively. He said their organization could provide monthly updates at the Economic Growth & Development Committee meetings and Mr. Kenny concurred. Ms. Seeber added she felt this would ease the concerns regarding how the funds were being expended.

Mr. Simpson asked for clarification as to whether the Coalition to Save the GFCC owned the facility and Mr. Caimano replied in the negative. He explained their agreement with the City of Glens Falls was a five year lease with the option to purchase the facility at the end of the term. He stated the GFCC had lost an average of \$600,000 a year over the last four years. He advised one of the main reasons the facility was averaging such a large loss was due to their contract with Global Spectrum. He explained Global Spectrum was being paid a large bonus based upon a relatively small goal of \$1.4 million because that was what the gross of the GFCC was at the time they signed the contract. He continued, the issue was there was no hockey team for the facility at the time the City signed the contract; however, he said, once they signed a hockey team they exceeded the goal and were subsequently paid the bonus each year. He noted it was a goal of the Coalition to Save the GFCC to eliminate these types of issues.

In response to Ms. Seeber's comments, Mr. Taylor advised every quarter the Supervisors from the City of Glens Falls received copies of the invoices submitted for reimbursement by the City's for recreational facilities. He suggested providing the Coalition to Save the GFCC with the \$250,000 in one allocation and in return have them submit copies of invoices indicating where the funds were expended. Mr. Caimano added their organization could determine that the funding could only be used on certain items and not for others. He said a goal for their organization was to have a source of funding available should the losses of the GFCC exceed the amount they projected in 2015. He apprised the County could earmark the funds to be spent on certain items only and they would submit a quarterly report detailing how the funding was spent in the quarter. He added they could also attend the monthly Economic Growth & Development Committee meeting to provide an update on how the funds were being spent.

Mr. Merlino pointed out a concern was that occupancy tax funding was earmarked for the specific purpose of bringing events to the region; therefore, he said, the funds should be used for promoting events taking place at the GFCC. He stated although he would prefer them to be reimbursed for their expenses, he understood their organization had cash flow issues and required the funds up front. He cautioned them that they would need to keep accurate records to be able to verify what the funds were spent on. Mr. Caimano advised they would follow whatever guidelines the Committee

set forth that the money could be utilized for. Mr. Merlino pointed out the funding could not be used for payroll and benefit expenses.

Mr. Strough outlined the guidelines for occupancy tax funding as follows:

- 1) Number of nights generated;
- 2) Potential economic impact;
- 3) Month of the event;
- 4) Number of days of the event; and
- 5) Years the County has contributed to the event

Mr. Strough pointed out all applicants for occupancy tax must supply this information on their applications. He said he felt the Coalition to Save the GFCC had to go through the same process as all other applicants did for event funding. He said the proposal was setting aside \$250,000 in funding for the organization; however, he stated, they still had to compete for it. Mr. Caimano pointed out their organization had already submitted an application for the funding and he questioned whether Mr. Strough was requesting a release that they were sponsoring the events and Mr. Strough replied affirmatively. Mr. Caimano noted they had already booked the events that were listed on their application. Mr. Strough apprised he was aware of the events listed on their application; however, he said, he did not see a detailed explanation as to why each event required funding. Mr. Caimano mentioned he would meet with Ms. Strough following the meeting to discuss his concerns with the application further.

Chairman Geraghty advised he reviewed their plan and application and felt they had already submitted a request for the events taking place at their facility though May of 2015. He suggested they have the Coalition to Save the GFCC submit a letter stating how much funding they required through May of 2015 to sponsor the events that were scheduled at the facility. He commented he felt their application was sufficient and they should not have to fill out an application for each separate event.

Mr. Dickinson questioned when the contract with Global Spectrum expired and Mr. Caimano replied it expired in April of 2015. Mr. Dickinson pointed out Global Spectrum had been unable to attract enough entertainment to the facility to cover the cost of their contract or make a profit. Mr. Caimano advised their organization was working with Global Spectrum in an attempt to renegotiate their contract. Mr. Brock interjected although he did not have the contract in front of him he estimated the management fee paid to Global Spectrum to be about \$100,000 per year and \$105,000 for the bonus. Mr. Dickinson advised he was perplexed that Global Spectrum was qualified to receive a bonus.

Mr. Conover suggested Mr. Dusek and the County Attorney put together some information for the Committee to review regarding the relationship the County would have with the Coalition to Save the GFCC since there was a concern with the uncertainty of the facility. He stated he was agreeable to setting aside the \$250,000 for their organization and having them submit letters requesting funds for events and summarizing what the funds were needed for and how they would be spent. He suggested members from their organization attend occupancy tax meetings to provide a report on their progress. He added if the \$250,000 was not fully expended by their organization he felt it should not roll over and should be added back to the occupancy tax fund balance.

Mr. Dickinson commented he was impressed with the amount of money the Coalition to Save the GFCC had been able to raise. He questioned what these funds would be used for. Mr. Caimano advised the funds would be used for the operating expenses of the facility. He said thus far

\$90,000 had been spent. Mr. Dickinson asked whether they would continue to raise money for the facility and Mr. Caimano replied affirmatively. He explained they planned to continue their fund-raising efforts.

Ms. Seeber queried whether the Coalition to Save the GFCC would be required to follow the same guidelines as other applicants on how they could spend the funds and Mr. Kenny replied affirmatively. Mayor Blais pointed out normally the County reimbursed applicants for their expenses following the event. He questioned whether the Coalition to Save the GFCC would have to follow the same guidelines and Mr. Kenny replied in the negative. He explained their organization would present a request to the Committee projecting their expenses for a certain period of time. He said because their organization had cash flow issues they would receive the funding immediately.

Dave Kenny, Warren County Business Owner, questioned whether anyone had completed or was thinking about completing a study of what direction Tourism was going in and what they should be attracting to the region for the next 50 to 100 years. He advised his concern was whether they would take any action to attract or thinking about how they could attract the millennium generation. He explained the millennium generation were individuals who were between 20 to 30 years old right now. He stated the Marriott International Inc. was claiming 80% of the economy was going to be owned by the millennium generation. He pointed out the age of the majority of the Americade and Car Show attendees were senior citizens. He stated every major company realized there was an aging population and the younger generation would be taking over the economy; therefore, he stated, he felt Warren County should take this under consideration. He apprised the Marriott International Inc. believed the millennium generation were traveling and participating in activities. He continued, by the time this age group was 30 they would have made the decision of where they would travel and what properties they would stay in for the rest of their lives.

In response to the 2.8% increase in occupancy tax, Mr. D. Kenny asked whether anyone was aware of what the increase in the ADR (Average Daily Rate) was. He pointed out if the REVPAR (Revenue per Available Room) had increased 5% and the occupancy tax only increased 2.8% this meant they were losing the market share. He said he was aware that the REVPAR had increased more than 2%; therefore, he questioned whether they were attracting more business or were the rates increasing causing more occupancy tax to be collected. Mr. Kenny interjected he reviewed the rate structure for three or four events and the average rate increase calculated to be about 3% which coincided with the increase in occupancy tax collected. Mr. D. Kenny advised the REVPAR had increased substantially more than 3% over the last ten years. He noted he had increased the room rate at his hotel from \$180 per night to \$230, which was substantially more than a 2% increase. He explained in the hotel industry they focused on the following figures:

- 1) REVPAR;
- 2) ADR; and
- 3) total occupancy

Mr. D. Kenny noted that of these three figures the one that had the most impact was the REVPAR. He pointed out the majority of the REVPAR for this region was achieved in July and August; therefore, he felt it was important to review REVPAR. He said REVPAR calculated how much revenue one room produced for the year. He reiterated he believed REVPAR had increased substantially more than the increase in the amount of occupancy tax collected. He pointed out he had over 700 hotel rooms throughout Warren County and noted he paid about \$350,000 a year in occupancy tax.

With regards to the Millennium generation, he apprised he was marketing towards this age group to ensure the success of his businesses and he suggested the County do so, as well.

Discussion ensued.

Mr. D. Kenny questioned how to apply for occupancy tax funding, as he was unsure whether he qualified for the funding to market the outlet mall he owned. He said he felt he should qualify because he spent about \$200,000 marketing to Canadians to attract them to this region. He pointed out Canadians had to spend the minimum of one day in the United States in order to not have to pay a duty on the purchases they made here. He said he would like the County to consider contributing \$100,000 towards marketing to Canadians to attract them to this region. He noted he would match every dollar the County contributed. He advised he was unsure of why he did not qualify for occupancy tax funds since he was "putting heads in beds" and producing about \$70 million in sales at his outlet mall. He commented if the County contributed funds for marketing to the Canadians they could possibly double the impact to the region. He mentioned he did not like the fact that the occupancy tax plan diversified the funds to each Town, as he believed there would be more of an impact if the money was put into one fund. He advised it was necessary for the County to think about the future.

In reference to the GFCC he felt they should model their facility after the one in Lake Placid that was very successful. He explained the facility in Lake Placid concentrated on programs for youth. He pointed out parents spend a tremendous amount of money on sports for their children such as clinics geared toward improving the skills of their child in that sport, equipment and team membership fees.

Laura Kohls, Warren County Business Owner, advised she was Mr. D. Kenny's daughter. She stated she was pleased to hear a lot of comments and/or concerns that any occupancy tax awarded was spent under the guidelines of what it was intended for. She said they were concerned as a business owner within the community that generated occupancy tax for the County what exactly was the money providing funding for. She stated she has had to explain to her customers why they were required to pay the additional 4% occupancy tax. She continued, she wanted to be able to tell these customers the specific events the funding was used to promote. She reiterated she was pleased the Committee required applicants to account for the funding and what it was used for.

Mr. Kenny advised the next Occupancy Tax Committee meeting would be scheduled for 9:00 a.m. on November 21, 2014.

As there was no further business to come before the Occupancy Tax Coordination Committee, on motion made by Mr. Simpson and seconded by Mr. Strough, Mr. Kenny adjourned the meeting at 1:19 p.m.

Respectfully submitted,
Sarah McLenithan, Secretary to the Clerk of the Board